

The coronavirus crisis will test UK business resilience to its limit



Coronavirus has taken a heavy toll on businesses and economic activity across the UK. Firms that were forecasting growth and planning to recruit only a couple of months ago are now shutting their doors for an indefinite period, and many will look to furlough at least some of their staff.

Chambers of Commerce are uniquely positioned to respond to this challenge. From major companies facing overseas supply chain disruption through to sole traders in every town and city here at home, our network of over 100 business communities collects the real-world experience of business on the ground across the UK – and we are working constructively with the UK government to ensure that practical support and cash get to the front line as quickly as possible. We've had significant success so far.

Firms told us that their sudden loss of income threatened their cash flow – and their very survival. So we worked tirelessly to secure grants and tax deferrals from the UK Government to help ease the pressure – as well as a huge new programme of loans and other finance support from the Treasury and the Bank of England. We also campaigned for an extension of HMRC's Time to Pay scheme, to give more firms breathing space to deal with the most sudden shift in business conditions in living memory.

Cash flow remains the immediate challenge – and the programmes announced by government need to get off the drawing board fast. Some firms face a perfect storm of increased costs, reduced demand and events beyond their control that mean they will struggle to meet their obligations. It won't just be marginal businesses that will suffer. Many well-run firms face significant disruption in the days, weeks and months ahead.

The risks will be particularly acute for SMEs and we are hearing countless stories of the challenges they are facing every day. Take the company on the Wirral, facing a 70 per cent reduction in sales. Or the marketing and events business in Hampshire that's had two high-profile and lucrative European events postponed indefinitely. Or the Lancashire manufacturer facing the cancellation of existing contracts and 'zero new orders' coming in. All tell us their main focus over the coming weeks is simply surviving.

Chambers' reach into businesses communities across the UK means we have an unparalleled understanding of the situation on the ground, and this is backed up by data. Last week we launched our Coronavirus Business Impact Tracker, a survey that will provide a weekly snapshot of real-world business conditions – as well as the steps that businesses are taking to try to stay afloat in this most difficult time.

The initial results paint a worrying picture. Despite an encouragingly high level of awareness of the government's recently introduced measures, such as the Coronavirus Business Interruption Loan Scheme (59 per cent) and the Job Retention Scheme (36 per cent), most firms told a story of significant decreases in sales to customers in the UK and overseas markets. More worrying, still, is that the majority of firms (61 per cent) tell us they have only one to three months' worth of cash in reserve. Hence the importance of UK government assistance reaching the front line as quickly as possible, whether via the banks or directly.

There's no escaping the scale of the challenge UK businesses are facing, yet many are already finding ways to contribute to the national effort to tackle coronavirus.

Chambers and their members are working together to play their part, including gathering unused PPE equipment from local businesses and delivering them to local NHS trusts and social care settings. I've no doubt we will see further examples of resilience and innovation – the hallmarks of the UK business community – in the coming weeks and months.

Consumers can help, too, by supporting their local business communities as much as possible while adhering to official advice to keep themselves safe. Many well-loved local firms are at the front line of the cash flow challenge and will need community support in the days and weeks ahead. If they can operate safely and responsibly and have not been directed to close by the health authorities, these companies deserve backing – not backlash – from the wider public.

As long as the pandemic continues to limit global economic activity, the resilience of UK business will be tested to its limit. Yet at the same time, we also need to be thinking ahead – to the recovery. When the immediate crisis has passed, it will be businesses of every shape and size that power the UK back to prosperity once again. So the task at hand is two-fold. We must do everything we can to save businesses and jobs now, and at the same time put the conditions in place for business to rebuild and renew.

That will require continued engagement and open dialogue. Business, government and civil society must come together – to ensure support gets to where it's needed most.



Notes:

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